

Small Businesses

Retailers

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Pour obtenir cette publication en français, veuillez communiquer avec votre bureau régional de la taxe de vente au détail.

This guide explains to owners of small retail businesses:

- How retail sales tax works
- How retailers are expected to collect and pay the tax to the Retail Sales Tax Branch
- How retailers can get additional assistance and information from the Retail Sales Tax Branch

SERVICE AND ASSISTANCE

Retailers are encouraged to contact their local Retail Sales Tax Office for advice and assistance.

Service representatives are available to visit you to discuss how tax applies. They will also try to solve any problems you may have with your tax accounting and remitting, and provide other information you may need.

VENDOR PERMITS

Every retailer selling taxable goods or taxable services must get a vendor permit from the local Retail Sales Tax Office. Businesses with more than one location need only one vendor permit and must keep a copy of the permit at each location.

You cannot transfer your vendor permit to anyone else, nor can you use a permit issued to someone else.

Please inform the Retail Sales Tax Branch if you:

- sell, discontinue or incorporate your business, or if there is a partnership change
- change the name or address of your business
- open another location.

You must show your vendor permit to anyone who asks to see it.

BUYING A BUSINESS

If you buy an existing business, you should protect yourself by getting a copy of the clearance certificate from the previous owner.

TOBACCO PRODUCTS

It is your responsibility to make sure that your tobacco supplier holds a valid wholesale dealers permit issued by the Motor Fuels and Tobacco Tax Branch, Ministry of Revenue.

You must collect retail sales tax on all tobacco products.

RESPONSIBILITIES

As a holder of a retail sales tax vendor permit, you are required to:

- charge the correct retail sales tax on the total value (excluding the federal goods and services tax) of taxable goods, services and admissions
- file completed tax returns with your tax payments **to reach us by the due date** shown on the front of the return. Return cards are mailed to you about 3 weeks prior to the due date.
- pay tax on taxable items taken out of inventory for own use or given away free
- give your supplier a correctly completed and signed Purchase Exemption Certificate when you buy taxable items for resale.

Please note that:

- failure to collect the correct amount of tax is an offence. You are responsible for the payment of any tax not collected from your customers.
- failure to remit the tax collected by the due date is an offence. You must remit all taxes charged even though you may not have received payment yet from your customers. You are subject to a penalty plus interest charges and will lose your compensation.
- directors of a corporation can be held jointly and severally liable for amounts owing by the corporation if the directors have not exercised reasonable diligence in preventing the corporation's failure to collect or remit retail sales tax charged on sales
- taxes collected from your customers are **trust funds** which belong to the Province of Ontario and **must be paid to the Treasurer of Ontario on time**. These funds must not be withheld, or used to finance your business or to pay other creditors.

HOW TO REMIT RETAIL SALES TAX

At Banks and most other financial institutions: Payment may be made free of charge by the due date at any financial institution in Ontario where you have an account. Ensure that the return is stamped and the working copy returned to you for your records.

By Mail: You may mail your cheque with your return in the envelope provided. These **must reach us by the due date**. Be sure to retain the working copy of your return for your records.

At a Retail Sales Tax Office or Ministry of Revenue Information Centre: All offices accept returns and payments.

No Sales or Tax: You must complete each tax return you receive even if you have no sales or tax to report. Financial institutions will not accept a return without a tax payment. You should mail your completed return in the envelope provided or deliver it to a Retail Sales Tax Office. In either case, the return **must reach us by the due date**.

COMPENSATION FOR COLLECTING AND REMITTING TAX

As shown in the instructions with the return card, you can deduct certain amounts from your tax payments as compensation for collecting and remitting the tax.

You cannot deduct compensation if:

- the tax return does not reach us by the due date
- the tax return is not accompanied by full payment, or
- your cheque is not negotiable.

RECORDS

You must maintain records to show:

- sales
- tax charged on taxable sales including separate records of tire tax and, where applicable, the tax for fuel conservation
- taxable items sold tax-exempt; Purchase Exemption Certificates must support these sales
- purchases
- taxes paid on taxable purchases
- that the tax charged and collected was paid to the Treasurer of Ontario.

ADDITIONAL INFORMATION

The following Retail Sales Tax Guides may also be useful:

- 101 — How to Complete Your Tax Return
- 103 — Vendor Responsibilities
- 104 — Purchase Exemption Certificates
- 105 — Penalties
- 146 — Discount Coupons
- 153 — Understanding Your Retail Sales Tax Audit.

These and other guides are available at any Retail Sales Tax Office.

The information in this publication is only a guideline. For more specific information, please consult the Retail Sales Tax Act or contact your local Retail Sales Tax Office listed in the blue pages of your telephone directory.

